

May 20, 2002

To: Supervisor Zev Yaroslavsky, Chair
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

Lloyd W. Pellman
County Counsel

LOS ANGELES COUNTY SUPERIOR COURT JUDGES ASSOCIATION FUND

At the April 2, 2002, Board meeting, Supervisor Antonovich asked the Chief Administrative Officer and the County Counsel to respond to concerns of a possible discrepancy in the information provided to the Board of Supervisors about the operation of the Los Angeles County Superior Court Judges Association Fund (Fund).

The Fund is a bank account under the jurisdiction of the Los Angeles County Superior Court Judges Association, a non-profit corporation, that has never been under the jurisdiction of the County of Los Angeles. The Board of Supervisors has no jurisdiction over the non-profit corporation, the judges, or the court employees involved in the operation of the Fund.

Recent interest in the Fund was the result of an April 1, 2002 article in the *Daily News* (Attachment A), which refers to both the 1996 Auditor-Controller investigation and a more recent audit conducted by a private firm commissioned by the Superior Court Judges Association in February 2001. On April 2, 2002, the Auditor-Controller submitted a report (Attachment B) that addressed the issues presented in the article. The Presiding Judge described the results of the February 2001 audit in a response to a request from the *Daily News* (Attachment C).

The Auditor-Controller investigation was conducted in 1996, before the passage of the Trial Court Funding Act of 1997, when the Board still had jurisdiction over court funds. That investigation was limited to allegations the Auditor-Controller received over the County's Employee Fraud Hotline. These allegations were: 1) an employee of the Los Angeles County Bar Association bribed two Los Angeles County Superior Court judges in an attempt to influence a child custody trial; and 2) that court employees attempted to charge excessive fees for providing photocopies of court documents.

The Auditor-Controller's 1996 investigation determined that both allegations were unfounded, but advised that depositing fees paid by private attorneys attending court-sponsored training programs into the Fund was not the best accounting practice. The Auditor-Controller reported these findings to the Executive Officer/Clerk of the Superior Court in March 1996. A copy of the 1996 report is included within the Auditor-Controller's April 2, 2002, report (Attachment B).

Both the 1996 Auditor-Controller's report and the February 2001 Association-commissioned report recommended that proceeds from court-sponsored training programs be deposited into the court's operating budget rather than the Fund. The two reports differed on how to best operate the Fund in the future. In 1996, the Auditor-Controller recommended that the Fund be operated separately from the court, and the court subsequently followed that recommendation. The more recent Association-commissioned audit report did not provide a recommendation regarding control and oversight of the Fund.

The court has since assumed responsibility for managing the Fund under new terms including: 1) the Association relinquish all claims to funds that have been intermingled with monies that should have been deposited to the courts's operating budget; and 2) the Association accept contributions only from active judicial officers who are voluntary members of the Association, through payroll deductions.

The Court now believes its direct operation of the Fund will improve accounting controls and ensure that only active judicial officers make contributions. The funds will be expended solely for purposes consistent with the Judges Association's bylaws, tax-exempt status, and the statutes applicable to governmental expenditures.

Each Supervisor
May 20, 2002
Page 3

The Chief Administrative Office and County Counsel both conclude that contributions to the Fund are now made exclusively by active judicial officers through payroll deductions. Association and court funds are no longer inter-mingled into the same account, eliminating the potential for any appearance of impropriety.

DEJ:LWP:WLW
GWT:RMG:lbm

Attachments

c: Executive Officer, Board of Supervisors
Auditor-Controller

judges fund.bm